

City of Detroit

CITY COUNCIL

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TO: Juanita Moore, President & Chief Executive Officer
Charles H. Wright Museum of African American History

FROM: Irvin Corley, Jr., Fiscal Analysis Director **14.**

DATE: April 24, 2008

RE: 2008-2009 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Norman White, Finance Department Director
Renee Short, Budget Department Team Leader
Kerwin Wimberly, Mayor's Office

Charles H. Wright Museum of African-American History

FY 2008-2009 Budget Analysis by the Fiscal Division

Background

The Charles H. Wright Museum of African-American History is a nonprofit corporation that documents, preserves and educates the public on the history, life and culture of African Americans. Founded in 1965 by Dr. Charles H. Wright, the Museum serves as a resource center providing quality educational programs and exhibitions documenting the horror of slavery, the struggle for freedom, and the civil rights movement.

In 1999, the City entered into a long-term operating agreement with the Museum to manage and operate the facility, which also includes management and maintenance of the artifacts collection and presentation of exhibitions and other events. The Museum acts as an independent contractor of the City and, as such, has full authority to discharge its duties without restrictions, except for those imposed by the agreement. Under the terms of the agreement, the Museum petitions the city for operating funds each year.

The Museum receives operating fund from paid admissions, memberships, facility rentals, catering, store sales, special events, private contributions, and City's grants.

Summary

The Mayor's 2008-2009 Proposed Budget recommends a total contribution of \$1.9 million to the Museum, a decrease of \$0.2 million (9%) under the City's fiscal year 2007-2008 contribution.

Significant Changes in Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
05414	Museum of African American History — Operations	The Mayor's recommended budget of \$1.95 million is the same as the Mayor's fiscal year 2007-2008 Budget.
10724	Museum of African American History — Capital	The Mayor's recommended budget does not include any funds for capital expenditures. This is a \$0.2 million decrease (100%) from the fiscal year 2007-2008 Budget of \$0.2 million. According to the Budget Department, no funding was recommended for the museum because they have sufficient bond balances (once bonds are sold) to complete any capital improvements.

Museum Operations

The Museum is open on from Sunday 1:00 p.m. to 5:00 p.m. In addition, the Museum is open Tuesday through Saturday from 9:00 a.m. to 5:00 p.m. The Museum's current President/CEO started in September 2006. The Museum has a total of 57 employees, 39 full time and 18 part time with seven vacant full time positions and two vacant part time positions.

The Museum's preliminary outlook for fiscal year 2009 includes \$6,218,000 in revenue, \$6,200,000 in expenditures, and \$18,000 as a surplus. The revenue includes a subsidy request of \$2,000,000 from the City, which is a \$.05 million increase from the amount received in fiscal year 2007. The Mayor's recommended budget includes an operating subsidy of \$1,950,000.

2007-2008 Surplus/(Deficit)

The Museum anticipates a surplus of \$120,043, which is composed of \$6,353.120 in revenue and \$6,233,077 in expenditures. The Museum's revenues are expected to be more than its budget of \$6,219,190 by \$133,930; while actual expenditures are expected to be more than the budget of \$6,082,077 by \$150,419.

Issues and Questions

1. The Mayor's budget recommendation for fiscal year 2008-2009 is the same as last year's budget for the museum. Will the lack of additional funding from the City impact your operations?
2. The Mayor's 2008-2009 budget does not have any funding for capital improvements. Are there any required infrastructure repairs that need to be addressed?
3. How will the Museum fund any necessary unexpected repairs during fiscal year 2008-2009?
4. Has the Museum been able to secure any sponsors for the 26th African World Festival?
5. What is the museum doing to increase endowments?